



# **NEWS RELEASE**

CALIFORNIA STATE TREASURER PHILIP ANGELIDES

**FOR IMMEDIATE RELEASE**

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Contact: Cathy Calfo

Phone: 916/653-2559

## **STATE TREASURER PHILIP ANGELIDES ANNOUNCES VICTORY IN BATTLE TO STOP QUESTIONABLE BOND DEAL**

Sacramento, CA— State Treasurer Philip Angelides announced today that, in the wake of legal action taken by his office and Attorney General Bill Lockyer, a joint powers authority composed of the cities of Waterford and San Joaquin has formally announced it will not pursue a questionable \$15 million bond financing scheme to build a golf course development over 300 miles away in San Bernardino County.

“This sends a strong message to the financial markets that sound investment practices will not be undermined in California,” Angelides said. “We will not allow abuses of the law that shake the confidence of investors and hurt the ability of California communities to finance critical local school and transportation projects.”

Earlier this year, the Rancho Lucerne Public Finance Authority filed a “validation action” in San Bernardino Superior Court in order to facilitate its questionable bond deal.

On June 21, the Treasurer and Attorney General filed a legal action with the court challenging the validity of the deal. The Authority then dismissed the validation action – perhaps hoping to avoid testing the bond sale’s legality.

Subsequent legal action taken by the Treasurer and Attorney General, asking the court to reopen the case and rule on the validity of the bond sale, will be withdrawn now that the Authority and developers have formally indicated they will not move forward with their questionable financing scheme.

Existing law requires there be a geographic nexus between the agencies issuing bonds and the project being financed. In an attempt to circumvent the law, the golf course developer formed a private mutual water company that then entered into a joint powers agreement with the cities of Waterford and San Joaquin in order to obtain favorable bond financing.

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